

Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 ADP-00 COME-00 OPIC-12 ST-01 A-01 M-03

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TO SECSTATE WASHDC 3709

INFO AMEMBASSY LONDON

AMEMBASSY LUSAKA

AMEMBASSY NAIROBI

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FOR USCOM, OPIC, AF/EX AND OPR/ST

E.O. 11652: N/A

TAGS: TRN

SUBJECT: TANZANIA RESTRICTS VEHICLE IMPORTS TO SEVEN MAKES

SUMMARY: GOT ANNOUNCES MOTOR VEHICLE IMPORTS WILL BE HANDLED BY YET TO BE ESTABLISHED PARASTATAL AND RESTRICTED TO SEVEN MAKES OF CARS AND TRUCKS. IMPORTATION OF SPARES REMAINS IN PRIVATE SECTOR. GOVERNMENT AGENCIES AR NOW PROHIBITED FROM PURCHASING FRENCH CARS; VOLVO AND VW REPORTED TO BE ONLY PASSENGER CARS TO BE IMPORTED INTO TANZANIA. ASSUMPTION IS THAT VOLVO SELECTED TO FAVOR SOCIALIST SOUL-MATE AND LARGEST AID DONOR AND PERHAPS, GAIN ASSEMBLY PLANT. BAN ON FRENCH CARS PROBABLY POLITICAL SNUB TO FRENCH BECAUSE THEIR RECENT FOREIGN POLICIES HAVE NOT GONE DOWN WELL WITH GOT.

1. TANGOV HAS ISSUED DIRECTIVE REQUIRING ALL GOVERNMENT AGENCIES TO IMPORT ONLY SEVEN MAKES OF VEHICLES: TWO TYPES OF TRUCKS 15

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TONS OR LARGER, TWO OF "MEDIUM TRUCKS", ONE 4-WHEEL-DRIVE PASS-

ENGINEER VEHICLE AND TWO TYPES OF PASSENGER CARS. ALL MOTOR VEHICLE IMPORTS, ULTIMATELY, WILL BE HANDLED BY NEW PARASTATAL, NATIONAL MOTOR CORPORATION, WHICH WILL BEGIN OPERATIONS IN NEXT FEW MONTHS. IMPORTATION OF SPARE PARTS, HOWEVER, TO REMAIN IN PRIVATE SECTOR.

2. TANGOV DAILY NEWS REPORTS RUMOR THAT TWO MAKES OF PASSENGER CARS ALREADY SELECTED, I.I. VOLKSWAGEN AND VOLVO. ALSO, COMMUNICATIONS MINISTRY OFFICIAL CONFIRMED REPORT THAT TANGOV MINISTRIES AND PARASTATALS HAVE BEEN DIRECTED--IMMEDIATELY--NOT TO PURCHASE FRENCH PASSENGER CARS OR PICKUPS. STATED REASON: "CONTROL MIS-USE OF FOREIGN EXCHANGE."

3. COMMENT: NEW DIRECTIVE SLICES AWAY SIGNIFICANT PORTION, PERHAPS FIFTH OF THOSE IMPORTS (16 MILLION IN 1972) STILL HANDLED BY PRIVATE SECTOR. DIRECTIVE, WHICH HITS SEVERAL LARGE, (TYPICALLY FOREIGN OWNED) COMPANIES WILL PROBABLY BE MORTAL BLOW TO MANY AS THEY MUST NOW SEE THEMSELVES REDUCED TO PROVIDING SERVICE AND PARTS TO DECLINE MARKET FOR THEIR PRODUCT LINES. HOWEVER, DIRECTIVE COMES WEEKS AFTER LICENSES FOR SECOND-HALF OF 1973 VEHICLE IMPORTS HAVE BEEN ISSUED AND ORDERS PLACED WITH OVERSEAS SUPPLIERS. THEREFORE WE DOUBT FLOW OF VEHICLE IMPORTS WILL BE DISRUPTED ALTHOUGH BEDFORD DISTRIBUTOR HAS TOLD US THAT HE IS CONSIDERING DELAYING SHIPMENTS UNTIL HE IS SURE WHICH TRUCKS WILL BE IMPORTED BY NATIONAL MOTORS. HE REASONS THAT IT WILL BE DIFFICULT TO SELL BEDFORDS IF MARKET KNOWS THAT THEY WILL NO LONGER BE IMPORTED. TANGOV DID SHOW GOOD JUDGEMENT IN PERMITTING IMPORTATION OF SPARE PARTS (IMPORTS \$8 MILLION IN 1972) TO REMAIN IN PRIVATE SECTOR AS PARASTATALS SEEM TOTALLY INCAPABLE OF PROVIDING SATISFACTORY STOCK LEVELS OF ANY ITEM THEY IMPORT.

4. TANGOV MOVE INTO LUCRATIVE AUTO MARKET HAS BEEN EXPECTED, OF COURSE, SOONER OR LATER, BY TRUCK AND CAR DEALERS, BUT SURPRISE IS GOVERNMENT'S DECISION TO STOP IMPORTATION OF FRENCH CARS. PEUGEOT 504 IS CLEARLY MOST POPULAR TOURING CAR (AND USED ALMOST EXCLUSIVELY BY POLICE) AND IDEALLY SUITED FOR TANZANIA'S ROAD SYSTEM. VOLVO SUITABLE SUBSTITUTE FOR PEUGEOT BUT SELDOM SEEN HERE--LEAVING ASSUMPTION THAT CHOICE WAS MADE ON POLITICAL GROUNDS. CHOOSING VOLVO HAS DOUBLE-EDGE ADVANTAGE OF FAVORING FELLOW SOCIALIST COUNTRY AND LARGEST AND MOST LIBERAL AID DONOR, AND CUTTING OFF FRENCH WHOSE POLICIES IN SOUTHERN LIMITED OFFICIAL USE

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AFRICA, ALLEGED RECENT ATTEMPT TO SELL ARMS TO UGANDA, AND ATOMIC TESTS HAVE NOT GONE DOWN WELL WITH GOT. ONE DEALER HAS TOLD US, HOWEVER, THAT HE UNDERSTANDS VOLVO HAS OFFERED TO BUILD ASSEMBLY PLANT IN TANZANIA WHICH, IF TRUE, TANGOV WOULD CERTAINLY FIND ATTRACTIVE.

5. GIVEN MINISCULE SHARE OF MARKET HELD BY US MANUFACTURERS, WE DOUBT A US VEHICLE WILL BE SELECTED AS ONE OF FIVE TRUCKS WHICH

WILL BE IMPORTED BY NATIONAL MOTORS. APART FROM CHINESE, WHO
MUST STAND A GOOD CHANCE OF GETTING NOD FOR ITS JAY FONG, LEADING
CANDIDATES TO SUPPLY TRUCKS ARE LEYLAND, FIAT, ISUZU AND DAIMLER
BENZ. FORESEE MAJOR EFFORT ON PART OF TOYOTA TO BECOME SUPPLIER
OF IMPORTANT ALL-PURPOSE VEHICLE, BUT LAND ROVER AT PRESENT HAS
THE HIGH GROUND WITH ITS LARGE SHARE OF MARKET AND REPORTED GOOD
LINES OF COMMUNICATION INTO TANGOV.
CARTER

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